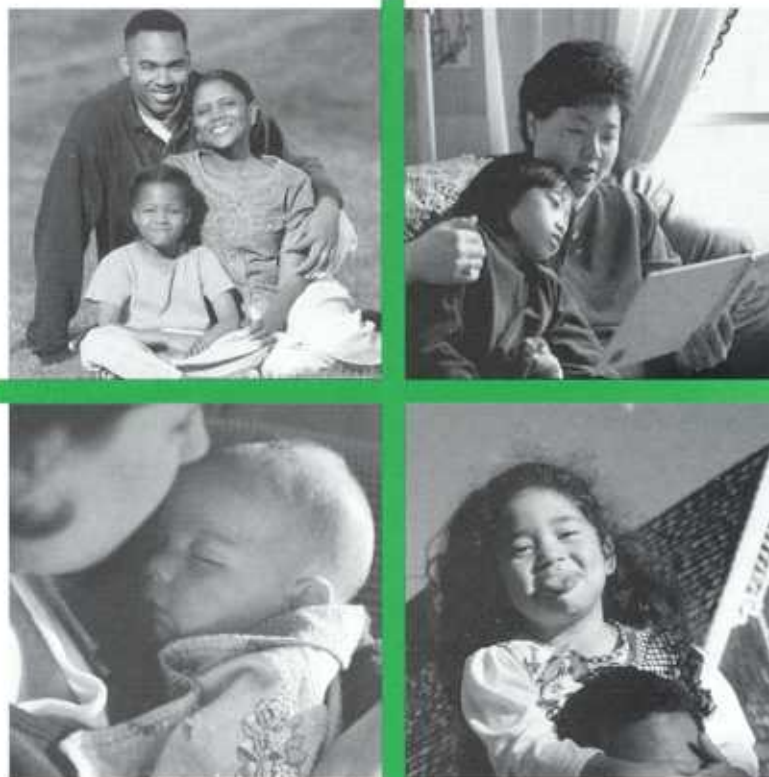


Rhode Island's Family Independence Program Annual Report, 2001

Supporting Working Families



The Rhode Island Department of Human Services

Christine C. Ferguson, Director • Lincoln Almond, Governor

Message from the Director

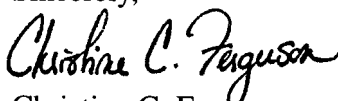
More of Rhode Island's low-income families are working than ever before. Income in these working households has increased. Children in these families are doing well according to their parents. Only four years have passed since implementation of the Family Independence Act in May of 1997, however, these simple statements tell an important story of the progress we in Rhode Island have made in helping parents meet the needs of their families.

These successes as well as the challenges that still face Rhode Island's families are chronicled in this, our fourth annual Family Independence Program report to the General Assembly. "Supporting Working Families" describes how families are faring to date as we implement the Family Independence Act, Rhode Island's comprehensive welfare reform legislation.

The strong consensus that was built among Governor Almond's administration, the General Assembly, and the community at the time of passage has surely contributed to the Department of Human Services' (DHS) ability to successfully implement the Family Independence Program. More importantly, unwavering support over the last three and one-half years from the Governor and the General Assembly for Rhode Island's version of welfare reform has made it possible for us to help families achieve the positive outcomes they are experiencing today. We are most grateful for your confidence in us and for your patience.

When all is said and done, the success of welfare reform lies in the the courage and determination of parents who strive to build a better life for their children and the professionalism and energy of Department of Human Services' front line staff who work every day to serve families. This report is a tribute to our staff and to the families in the Family Independence Program. We thank them as well.

Sincerely,



Christine C. Ferguson
Director

Supporting Working Families:

A Progress Report on the Family Independence Act (FIA)

PRWORA, TANF AND FIP: State Flexibility Within Federal Constraints

Rhode Island's welfare reform legislation, the Family Independence Act (FIA), was enacted August 2, 1996, just 20 days before federal welfare reform legislation was signed by President Clinton. The federal law, Temporary Assistance for Needy Families (TANF), Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), eliminated the federal entitlement to cash assistance to needy families and replaced it with a capped block grant to states. TANF gave states much flexibility to design their programs but also prescribed substantial financial penalties for states that do not meet stringent work participation requirements for adults receiving cash assistance. TANF also limited payment of benefits using federal funds to a lifetime of five years. Additionally, it prohibited certain groups such as drug convicted felons and legal immigrants arriving after August 22, 1996 from receiving federal benefits and discouraged states from allowing cash recipients to be in education and training without working.

Amendments to FIA in 1997 extended state-funded cash assistance to most legal immigrants previously eligible under the old welfare program, Aid to Families With Dependent Children (AFDC). FIA changes in that year also modified the federal ban on TANF-funded cash benefits to drug-convicted felons so that it only applies in Rhode Island to those convicted of sale or distribution.

As of December 2000, Rhode Island's welfare reform program is three and one-half years old. With the passage of time, it is important for us to remind ourselves of what we, as a state, tried to accomplish with welfare reform, to take stock of our achievements and progress to date, and to identify our challenges for the future.

In January of 1996 two versions of welfare reform legislation were introduced in the Rhode Island General Assembly. One was sponsored by Governor Almond and one by a coalition that included community organizations, welfare and children's advocates, social service providers, the Rhode State Council of Churches, and the Rhode Island Public Expenditure Council. Introduction of these competing proposals capped nearly a year of planning based on 10 public forums held across the state involving testimony from 242 people with 900 in attendance.

Out of that historical session emerged one law, Rhode Island's Family Independence Act (FIA). FIA, as eventually passed, is a comprehensive statute that represents a magnificent compromise forged through a long and, at times passionate, legislative debate during the 1996 General Assembly session. The agreement that resulted from this process had a remarkable level of legislative consensus passing the House unanimously and with near unanimous support in the Senate. FIA was signed by Governor Lincoln Almond on August 2, 1996.

Guiding Principles

in the Family Independence Act

The principles that guided the policy choices that Rhode Island made in creating the Family Independence Act were both clear and practical:

- ☐ Poor children should be no worse off than they were before welfare reform.
- ☐ Adults should be able to access education and training if they need it before they are required to go to work.
- ☐ The program of cash assistance and supports for families in Rhode Island should be cost neutral in the first two years, 1997 and 1998.



Fundamental Change in the ***Old Welfare System Envisioned in the Family Independence Act***

The guiding principles of FIA play themselves out in its preamble as it contemplates a fundamental change in the welfare system. The intent of FIA is reflected in these major policy statements:

- ❑ Rhode Island's program will facilitate the entry and re-entry of parents into the workplace by providing critical work supports.
- ❑ The Department of Human Services (DHS) social worker and the parent will jointly agree on an individualized employment plan that is designed to accomplish the following:
 - Lead to financial self-sufficiency
 - Identify the necessary support services including child care, training and/or education, and health care that are required to achieve employment
 - Assure cooperation with the state in capturing child support and medical support from non-custodial parents
- ❑ Unemployed parents will begin work or a work-readiness program as soon as possible after development of an employment plan.
- ❑ The Family Independence Act provides for temporary, rather than ongoing, financial assistance for adults limiting receipt of cash assistance to 60 months in a lifetime. Unlike federal time limits, this restriction does not apply to children. Also different from TANF, instead of counting the time limit from the first month of cash receipt, under FIA, counting of benefit months starts only after the parent has received a full family assessment and has developed an employment plan with his/her social worker.

Key Policies ***in the Family Independence Act***

Specifically, the Family Independence Act includes key elements as follows:

- ❑ Provision of financial assistance is assured to families while the parent/parents are participating in education or job training to develop the skills necessary to work within the first 24 months (or 36 months under some circumstances) of the employment plan.
- ❑ Unless the parent is exempt from the work requirement for reasons such as disability or caring for a very young child, he/she is required to be in paid or unpaid work within 24 months of entering into an employment plan.
- ❑ Adult supervision for minor parents by requiring them to live at home with their families, if feasible, or to be in other appropriate adult supervised settings is assured.
- ❑ Minor parents are to be assisted, encouraged, and required to complete high school.



Systems and Service Delivery Provisions

of the Family Independence Act

DHS Opens New Regional Family Center

In the summer of 1999, DHS replaced its two offices in Providence with its first regional family center - the Providence Regional Family Center. In the year 2000, in an effort to continue to streamline its more than two dozen separate offices into a handful of more convenient, accessible, one-stop family centers and to modernize its facilities for both employees and beneficiaries, DHS opened the Northern RI Regional Family Center.

Replacing its former Woonsocket offices located at 144 Main Street and 162 Main Street, DHS opened the new center on the first floor of the former Save-Rite building at 450 Clinton Street in Woonsocket. The newly renovated 20,000-square-foot facility provides a DHS staff of 80 with more space to serve some 9,000 residents in the areas of Woonsocket, Cumberland, Lincoln, Smithfield, North Smithfield, Burrillville and Glocester.

Featuring a more user-friendly design, the new Northern RI Regional Family Center includes a job search center with telephone and computer space for DHS beneficiaries seeking employment and responding to job listings; modern work stations for staff; interview areas for staff to work with beneficiaries; classroom and conference space; ample free parking; and waiting areas to accommodate families with children, adults and the elderly. The new facility will also soon be home to a new 2,500-square-foot child-care center serving DHS beneficiaries, staff and neighborhood families.

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The Family Independence Act describes the organization and service delivery systems through which its provisions are to be realized:

- ❑ Case management for all beneficiary families is to be offered at convenient times and places to help them access the social and education/training and employment services they need to become more financially independent through work.
- ❑ The Rhode Island Department of Human Services is the single state agency responsible for the administration and implementation of the Family Independence Program (FIP), as Rhode Island's work support and cash assistance program has come to be called. FIP encompasses the following activities:

- Case management
- Cash assistance
- Child-care subsidies
- Health-care coverage

Interdepartmental consultation and cooperation are mandated as follows

The Department of Elementary and Secondary Education is responsible for lending its expertise in adult education and literacy, especially in developing appropriate assessment tools.

The Community College of Rhode Island is a resource for post-secondary vocational education for FIP beneficiaries. The Department of Labor and Training is charged to identify employment opportunities for FIP recipients, to provide employability assessments and to help develop employment plans.

The Economic Development Corporation is to expand employment opportunities in Rhode Island for low-income families.

The Human Resource Investment Council remains responsible for statewide coordination of employment and training services.

The Department of Children, Youth, and Families is to support welfare reform efforts through child-care licensing and is the agency responsible, ultimately, for children at-risk.

The Rhode Island Housing and Mortgage Finance Corporation is to expand housing opportunities for low-income families.

The Department of Administration is assigned the task of establishing child support obligations for children in FIP families.

The Rhode Island Family Court will carry out its responsibility to enforce support obligations for absent parents of FIP children.



A Dedication to DHS Staff

The magnitude of effort and the resulting positive outcomes reflected in this report are only possible through the mutual dedication and commitment of both Family Independence Program (FIP) parents and the FIP workers who serve them. FIP workers located in various DHS field offices throughout the state respond to day-to-day needs, requests, and problems which affect the lives of families and their children. Special recognition awards which the department issues called the "Feather Award" and "Starfish Award" have been earned throughout the year by many of our dedicated eligibility technicians, social caseworkers, clerical support staff and supervisors for exemplary work in serving Rhode Islanders in need. A Feather Award is given for outstanding examples of team effort, and a Starfish Award is given for individual efforts, which bring about significant improvements. It is through the ongoing commitment of FIP workers that a wide variety of services and supports are provided and the department is grateful to its workforce for such efforts.

expenses while the parent advances up the career ladder to a better paying job.

For those parents who need education or job skills training to meet the demands of today's economy, there is support in FIP for that kind of pre-employment preparation. The focus in FIP is to take the time needed to make a parent able to get into and to remain in the workforce and, if possible, to eventually earn enough money to support their family well above the poverty line.

Three and one-half years after the implementation of FIP in May 1997, we see that the caseload has demonstrated a gradual but persistent decline. Since FIP implementation, the number of families receiving cash assistance has dropped by 15.2% (from 18,904 to 16,029). Fully 50% of that decrease has occurred since January, 2000 documenting an accelerating trend. The percentage of

Annual Reporting and Evaluation Under the Family Independence Act

The Family Independence Act envisions that there be annual reports and ongoing evaluation of its implementation as follows:

- ❑ The Department of Human Services is responsible for making an annual report to the legislature by March 1st of every year regarding implementation of the Family Independence Act. This document is that report for the year 2001.
- ❑ The Board of Governors of Higher Education is responsible for independent evaluation of the Family Independence Program through a state college or university.

Expected Outcomes of the Family Independence Act

The Family Independence Act (FIA) creates a system of long-term investments in a family's ability to support itself. It recognizes that the route to family economic well-being through employment is different for everyone depending on his or her individual circumstances. ***Caseload reduction, in and of itself, was not an articulated outcome of FIA.*** Rather, FIP offers job placement for those who are able to go to work immediately.

For those parents who take an entry-level job, FIP provides an ongoing wage supplement to help with

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The new center offers DHS programs and services including long term care, child care, medical assistance and Rlte Care, food stamps, the Family Independence Program/cash assistance, a number of job training and employment programs designed to help families receiving public assistance find and maintain employment, and vocational rehabilitation services.

On The Move

Over the last year, in addition to the establishment of two new Regional Family Centers, DHS has relocated two of its offices. The DHS Newport Office, formerly located at 12 Elm Street, has moved to a newly renovated, more modern facility at 110 Enterprise Center in Middletown, Rhode Island, and the DHS Westerly Office, formerly located 10 Canal Street, has been consolidated with the DHS North Kingstown Office and moved to 7734 Post Road, North Kingstown, RI. DHS will continue to provide services in the Westerly area three days a week by appointment at the former Department of Labor and Training Building at 57 Spruce Street, Westerly.

Measuring Our Progress

A bold vision for a better future for Rhode Island families and children is vividly outlined in FIA. Those who supported its passage endorsed clear and specific outcomes in writing as a preamble to its text. Within FIA lies a mandate to evaluate the impacts of its many provisions on the lives of the families who depend on cash assistance.

To meet the requirement for evaluation, the Department of Human Services has engendered two separate, but complementary and coordinated, evaluations. A community advisory group, the Evaluation Subcommittee of the Welfare Reform Implementation Task Force, has assisted DHS in this endeavor.

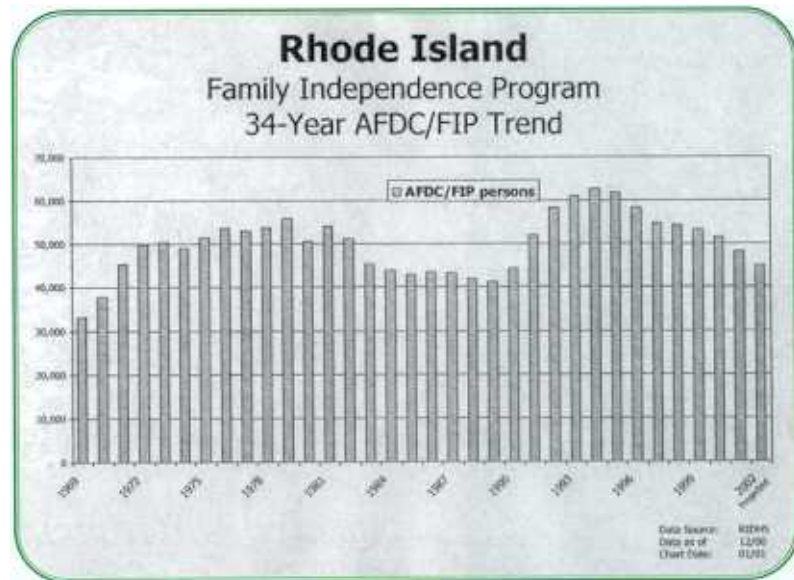
The first evaluation, conducted by Rhode Island College (RIC) School of Social Work with the approval of the Board of Governors of Higher Education, tracks the impacts of reform in Rhode Island on 638 families who were receiving FIP in its early stages. Each family will be followed annually through a personal interview process which surveys extensively the family's social and economic well-being, and the well-being of the children as welfare reform implementation unfolds.

The first comprehensive product of this effort, the "Welfare Reform Implementation Project, Baseline Report," was issued in January 2001. The "Welfare Reform Implementation Project, First Year Follow-up Final Report" is anticipated during the summer of 2001. To complement the DHS investment, both the United Way and the Rhode Island Foundation granted financial support for portions of this evaluation.

The second evaluation effort, ongoing since February 2000, is an administrative data research study conducted by the Wellesley Child

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cases closing due to employment in the month of April, 2000 (58.3%) compares favorably with the percentage of cases closing due to employment exactly three years earlier in April, 1997 (47.8%).



As articulated in the FIA, the anticipated outcomes of the Family Independence Program are as follows:

- Outcome #1 Families who receive cash assistance will be able to increase their household income through employment.
- Outcome #2 There will be a gradual decrease in the level of cash assistance to employed families.
- Outcome #3 There will be a gradual decrease in state expenditures for cash assistance for families.
- Outcome #4 Cash assistance savings from family earnings will be reinvested into health care, child care, education, literacy, and skills training.
- Outcome #5 Family cohesion will be enhanced and more stable living environments for children will be created.

Achievements of the Family Independence Program

Since its passage on August 2, 1996, the Department of Human Services (DHS), with ongoing input from the community, including members of the coalition that originally framed the law, has enthusiastically embraced the principles and provisions of the Family Independence Act (FIA). DHS has taken on the difficult task of defining a new work support system that addresses the needs of Rhode Island's families. Many services and special programs and initiatives have been created to achieve the outcomes envisioned in FIA by Governor Almond, the General Assembly, and the coalition of its community supporters. The portion of the 2001 Family Independence Program Annual Report that follows chronicles the progress made to date in achieving each of those outcomes as well as some of the recognition we have received along the way for successful service to Rhode Island's families and children.





Rhode Island is one of several states recently honored as a "Best Practice" state for innovation in service delivery to low-income working people. The U.S. Department of Agriculture award identifies states that endeavor to support working people by enabling easy access to services and benefits that support working families. The Rhode Island DHS was noted for inviting service organizations such as Goodwill Industries and the Women, Infants, and Children Program (WIC) to set up informational displays and station outreach staff in the comfortable and spacious waiting area of its Providence Regional Family Center.

Outcome #1 Increase Family Income Through Employment

The FIA is strongly supportive of working families. Parents who go to work while receiving FIP cash benefits have the advantage of ongoing work incentives. Instead of losing benefits almost immediately, as under the old welfare system, workers keep the first \$170 they earn each month before benefits begin to be reduced by \$1 for every \$2 earned. The FIP formula for calculating the monthly cash supplement related to earnings means that the transition from welfare is a relatively smooth one with benefits decreasing in proportion to earning gains until household income is high enough to make the family no longer

eligible for FIP payments. A working family can benefit from using the wage supplement indefinitely if the parent works at least 30 hours a week (35 hours for a two-parent family) and his/her income remains low enough to qualify in spite of working nearly full-time. In December, 2000 the average wage at job entry for a FIP recipient was \$7.31 an hour, well above the minimum wage of \$6.15 an hour and 17% higher than the \$6.25 an hour it was in April 1997, the month before FIP began.

The Rhode Island College (RIC) Welfare Reform Evaluation Project, First Follow-up Draft Report, December, 2000, found that those who had left FIP have significantly higher wages, \$8.40 an hour, than those still on FIP and working who averaged \$7.00 an hour. These same individuals worked an average of 35 hours a week while those who were working but remained on FIP were employed 26.5 hours weekly

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Care Research Partnership at Wellesley College in Massachusetts. This particular study will use econometric modeling techniques originally developed under the auspices of the Office of Program Evaluation of the U. S. Department of Health and Human Services for purposes of evaluating states' welfare reform and child-care programs. This study will provide monthly descriptive snapshots on multiple parameters of the FIP caseload starting in May 1996, a full year before FIP began, through May 2000. In addition to statewide data, sub-state information for the five urban areas of Providence, Woonsocket, Pawtucket, Newport, and Central Falls, as well as the balance of the state, will be reported. Moreover, the Wellesley evaluation will attempt to answer through advanced statistical techniques such questions as whether or not the work incentives and work supports offered in FIP, apart from other economic factors, have actually increased the likelihood and sustainability of work for FIP parents.

The first months of this evaluation have been spent on data gathering and extraction from multiple databases starting with the DHS InRhodes database and expanding to include U. S. Census data, information from Rhode Island Kids Count and many other federal and state databases. A comprehensive report is due in the fall of 2001.

Rhode Island
Family Independence Program
Average Wage at Job Entry
April 1997 vs. December 2000

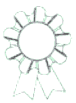


Data Source: RIDHS
Data as of: 12/00
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on average. From a quality of life perspective, those who left FIP reported that their financial situation was better this year than last year compared to those who remained on FIP who felt their financial situation was about the same as last year. DHS data shows that for those who left FIP for employment, the rate of return to FIP within six months of closure declined from 19.7% in April, 1997 to 7.6% in April, 2000 indicating good retention of employment and stability in the workforce for former FIP recipients.

Community Involvement Key to Success of Welfare Reform

In Rhode Island the commitment and stamina of community participants in the process of welfare reform policymaking and implementation has been remarkable. A coalition of community groups developed the first draft of legislation that eventually became the Family Independence Act (FIA). Following passage, interested persons including advocates, providers of service, academics, members of the public, and most importantly beneficiaries, formed an advisory group, the Welfare Reform Implementation Task Force (WRITF). The WRITF has met biweekly since February 1997, logging over 7,100 person hours in developing, critiquing, and evaluating FIP policies and procedures. The successful implementation of comprehensive family assessments, employment planning, services for victims of domestic violence and for substance abusers, New Opportunity Homes for minor parents, and housing and emergency move policies have resulted from this partnership. Initiatives for DHS staff professional development and program research and evaluation efforts have benefited from the expert input of this group as well.



The depth and duration of public involvement in the process of creating and implementing welfare reform

in Rhode Island is unique. Researchers from the Alfred E. Taubman Center for Public Policy at Brown University have credited the extent of community participation in Rhode Island's welfare reform with the family-friendly nature of the programs that have evolved.

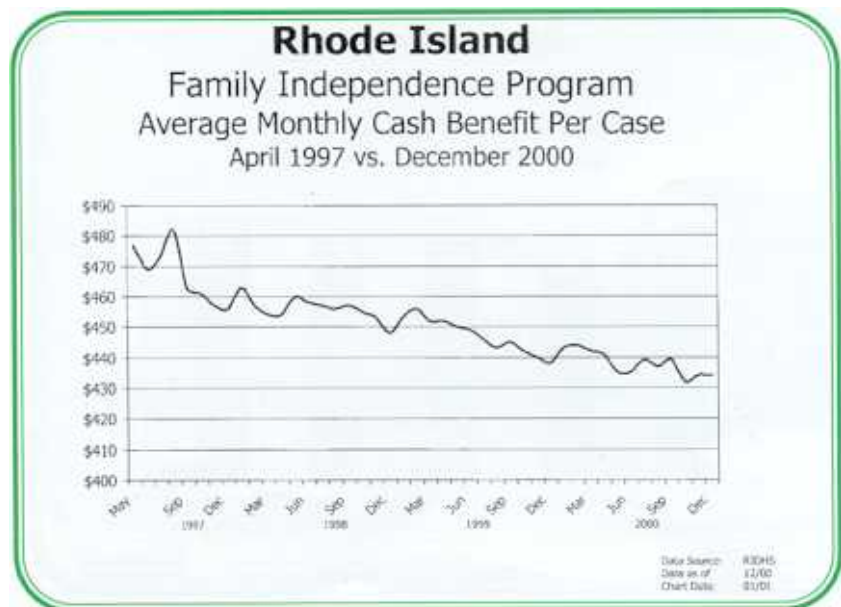
A comparison of total household income from the RIC evaluation families reveals some marked differences among working and non-working FIP recipients and those who have left FIP for employment. At first year follow-up, those who remained on FIP and were unemployed had average monthly household incomes of \$648. Those who were employed and still receiving supplemental FIP had an average monthly income of \$986 and those who had left FIP for work averaged \$1231 a month.

Very low-income parents already working may apply to receive a wage supplement through the Family Independence Program. Rhode Island's FIP, like a few other states such as Washington, Michigan, New Mexico, and Maine, treats applicants' earnings the same as recipients' earnings using the work incentive formula described on the previous page. Under the old welfare system, there was a higher income eligibility bar for entering cash assistance than for leaving it using work incentives. This provision encourages those who are working to continue to do so and makes work pay for those with very low earnings.

Finally, Rhode Island's Family Independence Program continues without financial penalties, to meet the stringent work participation rates set by the TANF law.

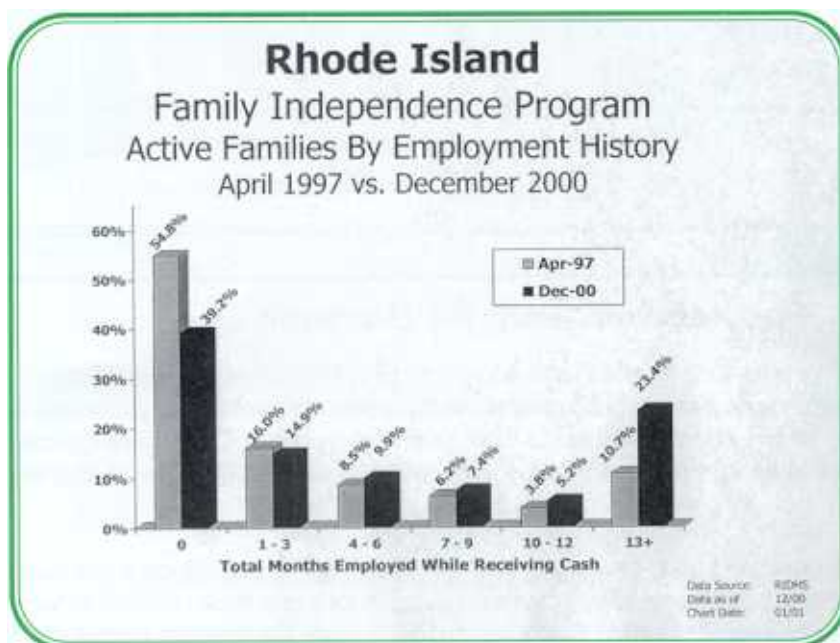
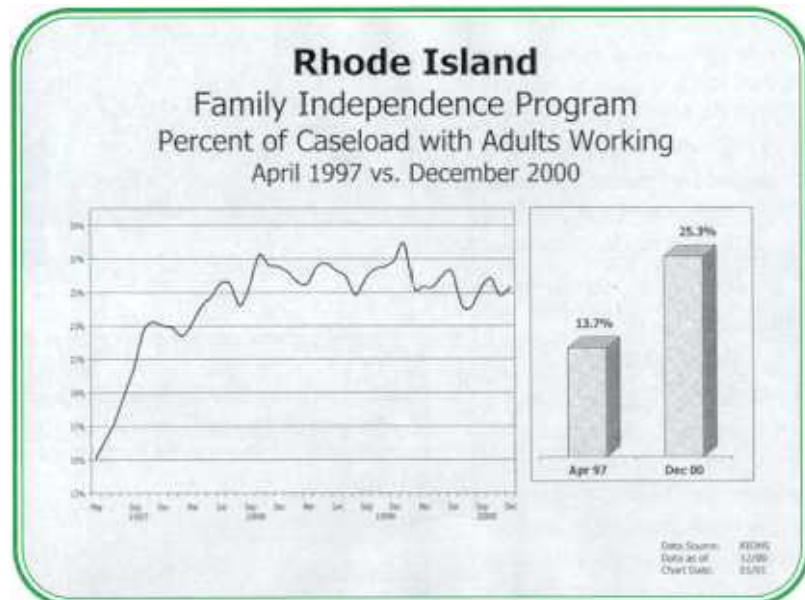
Outcome #2 Gradual Decrease in the Level of Cash Assistance to Employed Families

Immediately upon implementation of FIP, families with a parent working could count on more overall household income because FIP work incentives allow families to keep more of their benefits while working. The fear of losing financial help for taking a job before the family had a chance to get on its feet was reduced. Parents in working FIP families could also feel secure that while their earnings were still low, benefits would be available to supplement their family's needs as they moved up the career ladder. FIP employment incentives work by allowing parents to keep more of their family's earnings as they get raises and/or increase their hours while the amount of the monthly FIP benefit decreases.



The facts about the FIP caseload show that FIP families have seized the opportunities available to them and those who are working have increased the level of support that they earn compared to the portion that comes from cash benefits. The average monthly cash benefit cost per case in December, 2000 has decreased by 17.4% (\$563 to \$465) for two-parent families and 10% (\$485 to \$435) for the caseload as a whole when compared to April, 1997, the month before FIP began. Working families' monthly cash benefits cost significantly less than cash benefits for families who are not working.

During the first seven months of FIP, the percentage of cases that included an adult who was working nearly doubled increasing from 13.7% to 23%. Currently, that standard has been improved since 25.3% of the cases that include parents have at least one of them working (3,428 of 13,533). Indeed, more parents are working to support their families under FIP.



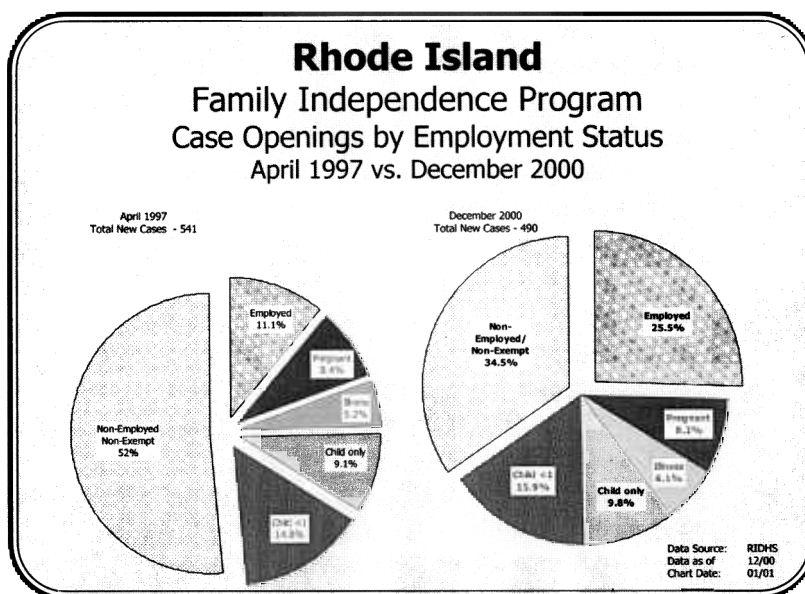
The percentage of FIP cases with no employment history while receiving cash has decreased from 54.8% in April, 1997 to 39.2% in December, 2000, representing further evidence that more families are earning more of their own money while receiving less cash assistance. More FIP parents have been encouraged to try working while receiving cash assistance than under the former welfare program known as AFDC.



The Staff at the Department of Human Services is always seeking innovative ways to help beneficiaries increase their income through work and to provide supports for families as they progress up the ladder of economic self-sufficiency. For example, a collaboration with local housing authorities developed a new form and a streamlined process that enables DHS workers to verify that a FIP recipient is in an approved training program. This process allows parents to take advantage of special work incentives available to residents of public housing. For these efforts, DHS was honored in 2000 with the U.S. Department of Housing and Urban Development's "Simply the Best" award for best practices.

The percentage of those families who are already working when they apply for and begin to receive cash assistance (at a reduced rate) has increased from 11.1% in April, 1997 to 25.5% in December, 2000. At the same time, the proportion of all new applicants who could be working but are not when they apply has diminished since FIP began. More families are already working when they apply for cash assistance.

In short, more families applying for FIP and receiving FIP are working or trying to work, thus benefits paid to these families are less costly. At the same time, FIP's "win-win" formula assures that family income is increased by combining earnings with a wage supplement, food stamps, the Earned Income Tax Credit and possibly, child support.



"Work Pays"

Income of Unemployed Family Receiving FIP Cash & Food Stamp Benefits Compared to the Income of Employed FIP Families

Family of Three, Not Working (single parent with two children)

FIP Cash Assistance	\$ 554.00/month
+ Food Stamps	\$ 305.00/month
Total household income	\$ 859.00/month

73% of the 2000 Federal Poverty Level

Family of Three, Working (single parent with two children)

Wages (30 hrs./wk. at \$6.15/hr.)	\$ 799.44/month
+ FIP Cash Assistance	\$ 239.00/month
+ EIC (monthly average)	\$ 319.17/month
+ Food Stamps	\$ 221.00/month
- FICA	\$ 49.57/month
- FICA-HI	\$ 11.59/month

Total household income \$1,517.45/month

99% of the 2000 Federal Poverty Level



Partnerships Work for Everyone

Child Care Connection, a center-based early childhood education provider with a number of sites in Rhode Island and nearby Massachusetts, has been an exceptional 1=1 partner. When an early morning start time made arranging transportation to child care and then to work nearly impossible, Child Care Connection stepped in with a job-saving solution for FIP beneficiaries involved in customized on-the-job training at three employer sites.

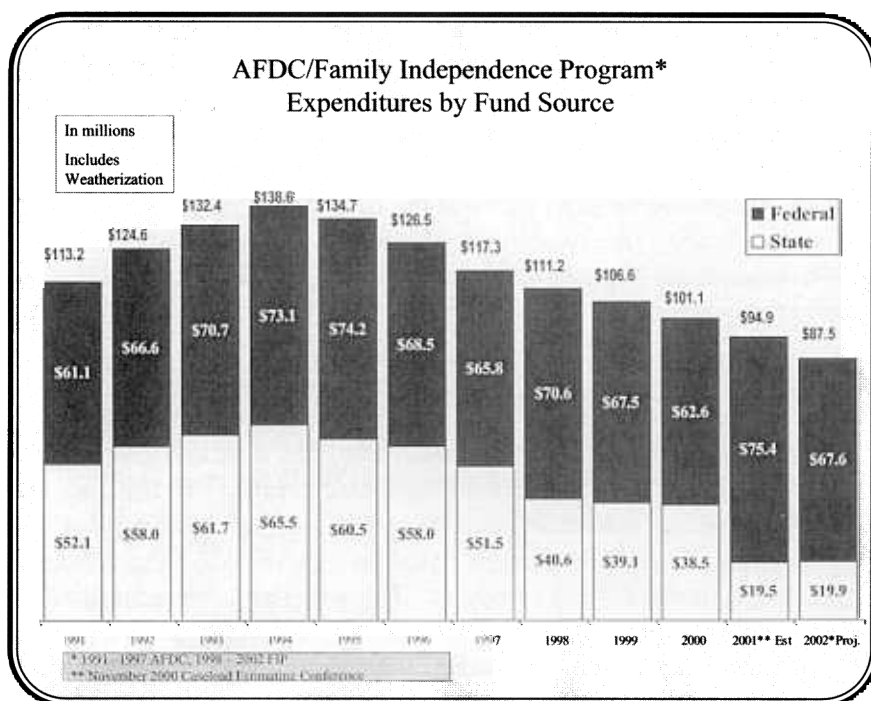
Child Care Connection provides a specially equipped child-care van staffed with a driver and child-care attendant to pick up the children at their parent's work site and to bring them to child care. FIP parents bring their children to work and transfer them to the Child Care Connection van before entering the building. Child Care Connection transports the children back to the parents' work site at the conclusion of the workday.

Child Care Connection, recognizing that hiring FIP recipients makes good business sense, also offered full-time jobs as child-care assistants within their facilities in Smithfield, Lincoln, and Hope to eight FIP beneficiaries who are residents of the Woonsocket Housing Authority (WHA). Anxious to work, but without cars or a bus schedule that would meet their child care and work transportation needs, these potential caregivers were faced with the loss of a good job opportunity. To solve the problem, Child Care Connection has arranged for round-trip van transportation from the WHA to the child-care center every day for the parents and their children. Now these FIP parents are working to support their families while their children receive a quality early education program supported by the DHS child-care subsidy.

Outcome #3

Gradual Decrease in State Expenditures for Cash Assistance for all Families

Just as the cost for providing cash assistance decreases when individual families earn more of their own income, the overall state cost of providing financial support to eligible poor families should decrease as well. Since state fiscal year 1997, the year that FIP began, annual state and federal expenditures for cash assistance actually decreased by 16% from \$117.3 million to \$99 million in state fiscal year 2000. In state fiscal year 2002, cash assistance savings are predicted (November, 2000 Caseload Estimating Conference) to be \$29.9 million with total cash expenditures expected to be at the lowest point since enactment of FIA at \$87.4 million or a 26% reduction since pre-welfare reform days.



“Business Partners”

JOHN
FAMILY
UNIT OF
POVERTY

Ultimately, the goal of Rhode Island's welfare reform is to lift children out of poverty. In Rhode Island, one full-time job, even at minimum wage, along with the benefits available to a family through FIP, raises the family's income well above the federal poverty level. To put it even more simply, one job equals one family out of poverty in Rhode Island. FIP provides many vital supports to working families and makes it more financially advantageous to work full-time, even at a minimum wage job, than to receive cash assistance. An employed FIP family of three, even if earning only minimum wage, would have a total income of over \$1,500 a month, significantly higher than that of a similar family not working and only receiving a cash payment from FIP. The working FIP family's household income includes job earnings, a FIP cash supplement they would still be entitled to and additional income from the federal Earned Income Tax Credit and food stamp benefits. Child support, for those who receive it, can further help a family financially. At the same time, child-care subsidies and health insurance for the whole family are provided.

Since January, 2000, Governor Almond's special initiative “One Equals One” has outlined benefits to businesses that hire welfare recipients and to beneficiaries. New rules instituted as part of this initiative assure that when a parent works at least 30 hours a week (35 for two-parent families), that effort will “stop the clock” from running against the recipient's five-year lifetime limit on receiving cash assistance. Just as important, Governor Almond challenged Rhode Island businesses to pledge jobs and to hire FIP beneficiaries to meet their workforce needs. Participating employers benefit from tapping into a new pool of potential employees as well as a multitude of valuable hiring and financial incentives. To date, 156 businesses have pledged 715 jobs and have hired 774 FIP beneficiaries through the “One = One” initiative.

"Women's Work"

Governor Almond's "One = One" initiative is about a partnership among business, the Department of Human Services, and a FIP beneficiary. Often, however, there are other partners who contribute greatly to the successful transition of a FIP beneficiary into employment. Through the marketing efforts of Department of Labor and Training (DLT) staff, the DHS Rlte Works Employment and Retention Services Unit was linked with Southeastern New England Shipbuilding Corporation (SENESCO) located at Quonset Point. Rlte Works is the special unit at DHS that works at matching job openings with qualified FIP recipients. SENESCO, a relatively new Rhode Island company that manufactures ocean-going barges and other steel products, was looking to expand its workforce to meet the requirements of its growing business.

While the Economic Development Corporation (EDC) made Quonset facilities available for use while SENESCO became operational, the Rlte Works unit at DHS created a specially designed program of paid training in welding and shipbuilding for FIP beneficiaries at the SENESCO site. Ten FIP parents were hired at an \$8.00 an hour training wage with a raise upon earning their welding certification. Two of the new recruits are men and eight of the new shipbuilders are women! Using the money saved from these SENESCO workers' FIP cash benefits, DHS subsidizes the wages paid to them during their training. Another contributing partner, the Department of Elementary and Secondary Education, through its Project Opportunity, helps to finance uniforms and other work-related expenses and has arranged for educational assessments and an on-site math tutorial designed to upgrade the skills of the trainees.

Outcome #4

Reinvestment of Cash Assistance Savings from Family Earnings into Child Care, Health Care, Education, Literacy, and Skills Training

Child-Care Investments

In constructing FIP's comprehensive support system for working families, policymakers recognized that parents on FIP, the majority of whom are single parents (92.3%), would need good quality, affordable child care to enable them to go to work with the confidence that their children are safe and well cared for while they are earning a living. They also understood that working parents who take full-time entry-level jobs paying \$6 to \$7 an hour are still only earning \$12,000 to \$14,000 a year, hardly enough to pay the \$5,000 or more annually required to purchase child care for a pre-schooler in Rhode Island.

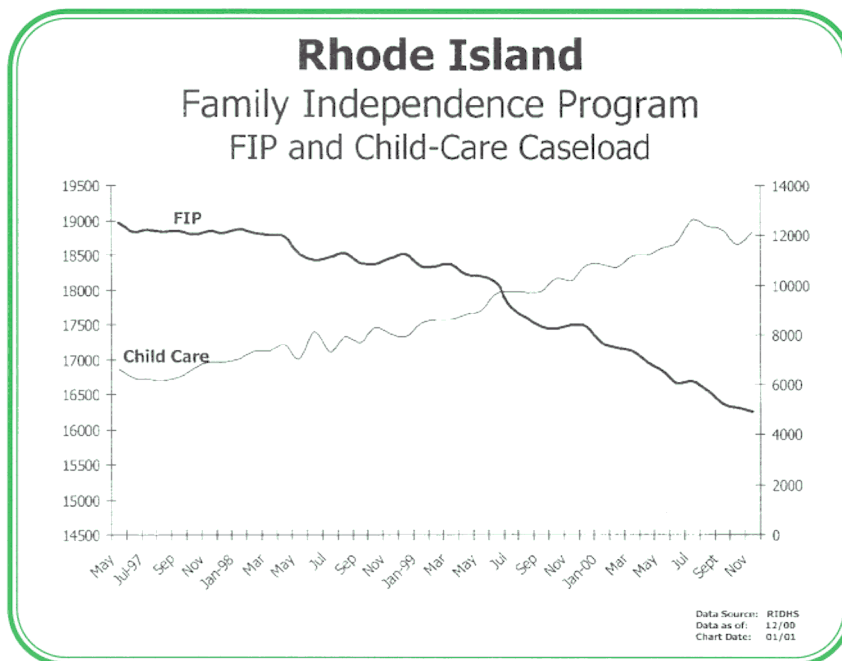
To meet the need for child care, FIA established an entitlement to full subsidization of child care for children in FIP working families. FIA further recognized that even after families become ineligible for a wage supplement under FIP, at \$7.38 an hour full-time for a family of three or \$15,336 annually, there is still a need for help to pay for child care. In this regard, state law provides for continued child-care assistance to working families up to 225% of the federal poverty level, or \$31,838 annually for a family of three. Parents no longer receiving cash assistance are required to contribute to the cost of child care in relation to their income.

In 1997, the year following enactment of FIA, the General Assembly also recognized that low-income parents could only access quality care for their children if state reimbursement rates were sufficient to purchase the same care available to non-subsidized families. To that end, they established an automatic rate structure in state law assuring that child care that is state subsidized is based on a survey of statewide child-care rates, conducted every two years. The state reimbursement rates are to be scaled to equal the 75th percentile of statewide rates. This measure aims not only to improve quality, but also to greatly expand access by including more providers willing to accept a reimbursement rate in line with market rates. Since January 1, 2000, state rates have been set at the full market rate based on a 1998 survey.



In 1998, the General Assembly enacted legislation creating Starting Right, Rhode Island's Early Care and Education Initiative. That statute further sought to improve affordability of care by increasing the maximum family income level for child-care assistance, effective July 1, 1999 to 225% of the federal poverty level and extending the entitlement to after-school services to youth up to the age of 16. Starting Right also focused on improving the quality and availability of child care for all Rhode Island families through the following:

- Professional development initiatives for the child-care workforce
- Technical assistance for licensed and certified child-care providers
- Enhancement of state licensing and monitoring capacity
- Grants to develop and expand child-care facilities and services



There is evidence that the supportive work incentives in FIP are a powerful policy and program tool for encouraging and sustaining parents in the workforce. Rhode Island and all four of the other states that offer a wage supplement to both applicants and recipients were among the U.S. Department of Health and Human Services' 1999 High Performance Bonus states excelling in two of four possible categories, specifically improvement in job entry and improvement in success in the workforce.



Getting There is Half the Battle

FIP beneficiaries who have completed training and the job search successfully may still face daunting challenges to achieving financial self-sufficiency through work. Lack of transportation frequently is a significant barrier to entering the workforce and staying there. Only 27% of FIP households own a car. The remaining families must rely on other means of transportation to get to work, particularly RIPTA buses. Although most FIP beneficiaries going to work remain eligible for a free bus pass through RIte Care, fixed route transportation, which does not exist in some areas or is unavailable at certain times, may not meet the needs of a single parent who needs to transport her/himself and the children back-and-forth from home to child care and work.

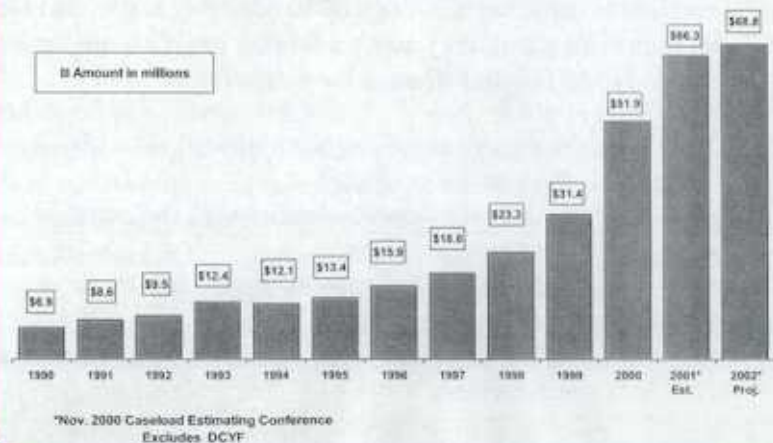
DHS is collaborating with RIPTA to solve this problem by bringing federal dollars to Rhode Island to provide rides to work for FIP beneficiaries for whom transportation would otherwise be a barrier. Using Federal Transit Administration Job Access and Reverse Commute Program funding along with matching DHS FIP funds, RIPTA and DHS began a geographically based pilot program in Woonsocket in August, 2000 and more recently in the West Warwick/Coventry area. Two vans with a capacity of 16 operate in each area carrying children accompanied by parents to child care on the way to the parent's employment site and back home at the end of the day.

This pilot program is a reservation-based curb-to-curb public transportation service designed for areas of the state with jobs but without accessible bus routes. A trip coordinator connects passengers to fixed routes to meet their welfare-to-work transportation needs whenever possible.



Remarkably, Rhode Island's Child Care Program and Starting Right have been recognized nationally as well. Two years in a row, Working Mother magazine has chosen to feature Rhode Island in its focus on child care. In 1999, RI was one of Working Mother's "Ten Best States" and in 2000, our state was recognized as one of several "States Making a Difference" in the area of child care. Parent's magazine selected Rhode Island as one of its "Great States for Working Mothers" in 1999 and, in 2000, the DHS Child Care Administrator was recruited to serve as a child-care quality expert for the American Public Human Services Association (APHSA) National Steering Committee.

Rhode Island Child Care Program Subsidy Expenditures by Fiscal Year



These new commitments to quality, affordability, availability and accessibility have meant that since state fiscal year 1997, child-care subsidies have increased from \$18.6 million to a projected \$68.8 million (270%) in SFY 2002 when eligibility is scheduled to increase to 250% of poverty. The number of children in low-income FIP and working families receiving a child-care subsidy during the same period will have increased by just over 100% (from 6,065 to 12,300). Nearly 60% of the increase in child-care spending is due to reimbursement rate increases while 40% is due to more children receiving subsidized care under both the cash assistance and low-income components of the child-care subsidy program. As was provided, the approximately \$30 million in cash savings since 1997 that results from gradually declining FIP case-loads and lower average cost per case due to employment earnings is a resource that easily covers the increased number of children eligible for subsidies but not the separately enacted rate increase to providers.



Rhode Island Child Care Program Average Number of Children in Subsidized Care

Child care for another 546 children is subsidized by not counting up to \$200 per child per month in child-care costs for the FIP cash payment

■ Low Income
■ Cash



Health-Care Investments

Those who authored FIA also understood that assuring that health-care coverage is available for their children is a basic concern for parents whether they are well-off or have very low incomes. Under the old welfare system, loss of family health-care coverage soon after a family left cash assistance was a powerful disincentive to take low-wage jobs that did not offer affordable employer-based coverage. To meet this need and to allow parents to increase family income by taking available jobs for which they are qualified without sacrificing health-care coverage for their children, FIA expanded RIte Care, Rhode Island's Medicaid program for women and children, to include all children up to age 18. FIA also provided that RIte Care would continue for the whole family for up to 18 months after leaving cash assistance for work.

Education, Literacy, Skills Training Investments

Before welfare reform, over 50% of the adults in the AFDC caseload did not have a high school level of formal education. In 20% of households, adults did not have English as their primary language. More recently, standardized testing of groups of FIP recipients finds that 14% demonstrated marginal literacy and fully 34% tested below ninth grade reading level. At the same time, more and more jobs that exist or are being created in the Rhode Island economy require a good level of reading and math ability, good interpersonal skills and writing ability, and increasing levels of technical and job-related knowledge.

To address this skills gap problem, policymakers took a different approach in FIA than many other states in reference to the provision of education and training services to welfare recipients. Instead of the quick push into any available job, usually low-wage and unskilled, favored elsewhere, FIP supports parents for up to 24 months of their employment plan (and longer in certain cases) to participate in education and training. Only from the 25th plan month onward is a FIP parent required to work at least 20 hours weekly in order to continue to receive support for participation in education and training.

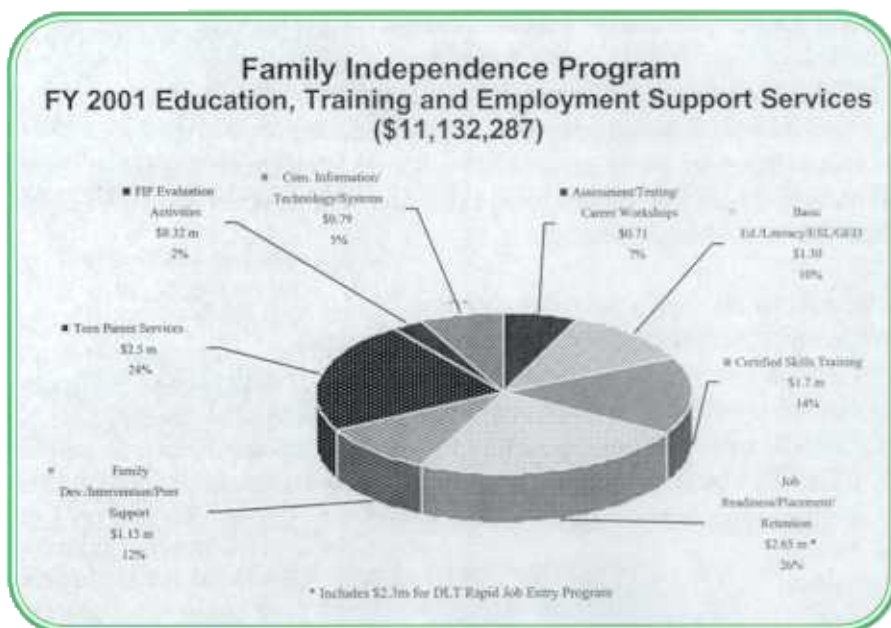


Recently, the *Providence Journal* highlighted a U.S. Census Bureau Survey that ranked Rhode Island #1 in the nation for health-care coverage for its residents. With only 6.9% uninsured in 1999, the latest year for which data is available, this figure represents a sharp decline in the percentage of uninsured since 1995, the year before FIP began, when 12.9% were uninsured and Rhode Island ranked 22nd in coverage for its people. FIP provisions that expanded and preserved coverage for children under RIte Care and an aggressive campaign to boost enrollment were key drivers in achieving this tremendous accomplishment.



In order to assure sufficient available opportunities for FIP recipients to enhance their work skills, DHS has increased the pre-welfare reform direct investment in education, training, job-readiness and placement investments from just under \$3 million in state fiscal year 1997 to a projected \$11.1 million in state fiscal year 2001.

At the same time, DHS actively collaborates with the various entities that make up the state's employment and training system to bring to bear the full force of the resources and expertise that exists among them to assist FIP beneficiaries in preparing for and finding work. DHS is an investor partner in NetWORKri, the state's One-Stop Career Centers, and FIP social work staff in the DHS Regional Family Centers actively use Welfare-to-Work programs operated by local Workforce Investment Boards to train and place FIP recipients. Additionally, DHS contracts with the Department of Labor and Training for rapid job entry services for FIP recipients.



Outcome #5 **Enhancement of Family Cohesion and Stable** **Environments for Children**

FIP encourages two-parent families to stay together to better care for and support their children. FIP policies were a positive change from the old system that often caused families to split up and live separately in order to receive much-needed financial help. FIP has been successful in strengthening families by keeping them together without penalizing benefit levels. From April, 1997 to December, 2000, the number of two-parent families receiving financial assistance has increased by 113% (from 492 to 1,049). Two-parent families have increased from 2.6% of the caseload to 6.5% during the same time period. The Rhode Island College Welfare Reform Evaluation Project Baseline Report, January 2001, reveals a comparison of one-parent and two-parent FIP households that shows two-parent households are better off from an income perspective (\$655 compared to \$822.04 monthly).

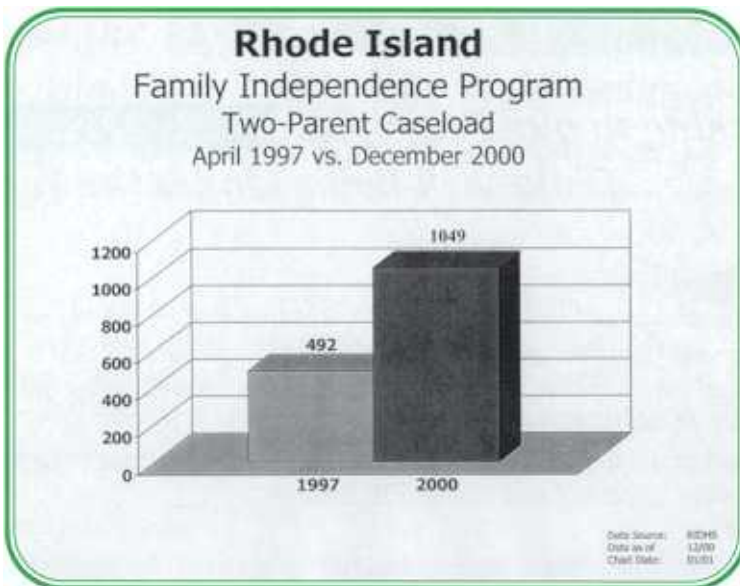


Among those FIP recipients with functional illiteracy and low school achievement are many individuals with undiagnosed learning disabilities. A unique intra-agency partnership within DHS between the Family Independence Program and the Office of Rehabilitation Services (ORS) brings specialized vocational rehabilitation services to FIP recipients with learning disabilities. The "Learning Disabilities Project" has been often recognized as being in the national vanguard of development of services for parents with learning disabilities:

- Selected by U.S. Department of Health and Human Services, the U.S. Department of Education, and the National Institute for Literacy as one of four leading states to develop "Bridges to Practice" curriculum for practitioners working with cash assistance recipients with disabilities.
- Nominated by the U.S. Department of Education to participate in a national initiative to identify Spanish-speaking individuals with learning disabilities and to participate in an elite eight-state symposium on learning disabilities and systems change.
- Cited by the Urban Institute, February, 2000, as an exemplary program in its report, "State Welfare-to-Work Policies for People with Disabilities."
- Recognized in Welfare Information Network (WIN) Web Site Learning Disabilities Project.
- Cited by Seattle, King County, Washington, Private Industry Council as "Best Practices" in helping those with learning disabilities become employed.



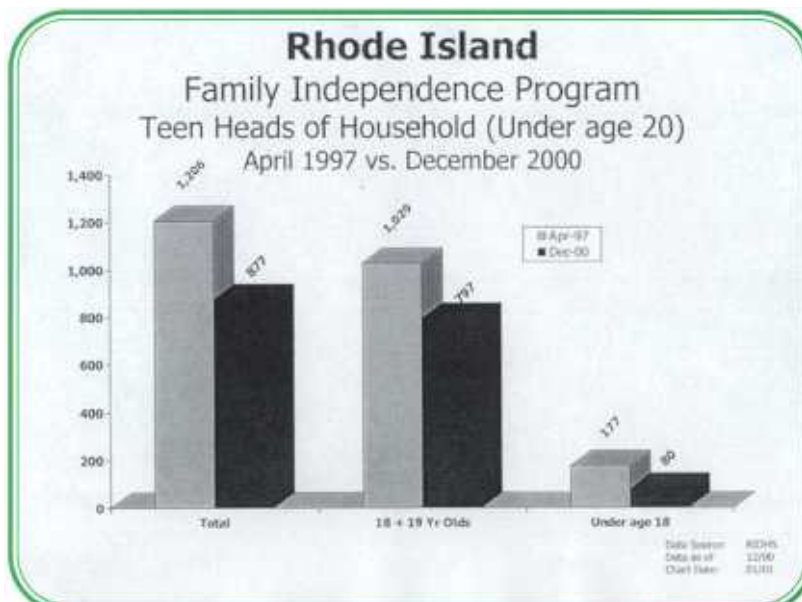
New Opportunity Homes were developed with special funding appropriated by the General Assembly in 1998 to address those few situations when minor teen parents have no other living alternatives available to them and their babies. Six residential facilities across the state in Providence, East Providence, Pawtucket, Johnston, Newport and Cranston help young parents become positive role models and reach higher levels of self-sufficiency and achievement for themselves and their children. FIP's New Opportunity Homes have been recognized by the National Organization of Adolescent Parenting Programs (NOAPP) as an exemplary model program.



Recognizing that the old welfare system, which allowed minor parents to live out on their own with their babies, put both parent and child at risk, policymakers provided in FIP, that, in order to receive benefits, pregnant or parenting minor teens must stay at home if they can. For

those unable to live in their own parent's home or the home of a suitable guardian, FIP assures that they and their babies are receiving regular adult supervision through a specialized statewide service system for teen parents, the Adolescent Self-Sufficiency Collaboratives (ASSC) which may include the DHS New Opportunity Homes program. FIP also requires that teens stay in and finish high school.

Since FIP began, the number of minor teen parents receiving benefits has decreased by 54.8% (from 177 to 80) while the overall number of teen parents under age 20 receiving FIP has decreased by 27% (from 1,206 to 877). Available statewide to any teen parent, ASSC services include case management and assurance of access to health, education and social support services necessary for teens to become responsible, self-supporting adults and parents. In state fiscal year 2000, the repeat pregnancy rate of teens served by the ASSC's was only 3.8% while 60% of those who could have earned a high school credential by age 20 did so.



Sticking to our Principles

Child Well-Being Under the Family Independence Act

A major concern of the authors of FIA was that welfare reform would not cause any harm to children as it emphasized assisting and requiring parents to prepare for and to go to work. The hope, in fact, was that a reformed system would actually improve the well-being of children by increasing the economic stability of the family. The Rhode Island College School of Social Work Welfare Reform Project Evaluation, First Year Follow-up Report represents the best evidence available to date regarding child well-being in current and former FIP families.

The majority of families interviewed (90%) were very or somewhat satisfied with their children's quality of life. In the follow-up survey, 95% said their children's health status was better or about the same as last year. Respondents overwhelmingly said that child care has positively affected their children (93%). Specifically, parents said their children are learning more (30%), are happier (24%), and are able to play with other children (19.5%) as a result of their child-care experience. Eighty-two percent of parents interviewed were either very satisfied or somewhat satisfied with their overall living situation. All of these are positive indicators of child well-being among families who have participated in FIP. Encouragingly, there is also evidence of improvement in these indicators over time.



Looking Toward the Future

Clearly, the Family Independence Program has achieved the outcomes that were anticipated in the Family Independence Act. The successes have been many but these challenges remain as we embark on the fourth year of implementation:

- ❑ Congressional reauthorization of the Temporary Assistance for Needy Families (TANF) Block Grant is scheduled for next year. Declining caseloads nationwide have left some states with surpluses of TANF funds that may spark proposals to reduce TANF funding. Since our state has utilized every available TANF dollar by reinvesting in child care and other services for working families, it is critical that Rhode Island's full TANF block grant is preserved for the future.
- ❑ In May 2002, FIP time limits will first impact those adults who are not yet working at least 30 hours a week (or 35 for two-parent families). Special efforts must be made to assure that these individuals are assisted in their efforts to get into the workforce before their lifetime eligibility for cash assistance expires.
- ❑ As many beneficiaries embrace the opportunities provided in FIP by successfully joining the workforce, those who remain on cash assistance represent an increasingly "hard to serve" population with multiple barriers to achieving self-sufficiency. Since implementation, the FIP caseload has become smaller but proportionately more likely to have adults whose first language is not English, to be a larger family, and to have less formal education. The remaining families are also more likely to be exempt from work requirements because of a disability and to represent an ethnic or racial minority. Undoubtedly, substance abuse, domestic violence, and mental illness also play a part in long-term use of cash assistance. Clearly, we must redouble our efforts to develop and expand specialized service options that will enable those with the most difficulties to succeed.
- ❑ Only 27% of FIP families have automobiles. Although free bus passes are available to use "round the clock," fixed route bus stops and schedules often do not meet the needs of FIP beneficiaries travelling to child care and work especially during non-traditional work hours. We must continue to work with transportation officials in Rhode Island to create new and flexible travel and commuting options for FIP beneficiaries to get to their work sites.
- ❑ The improved Rhode Island economy of the last several years and the capital city renaissance have significantly reduced access to affordable housing for FIP and low-income working families. We must join forces with those who represent housing interests in the community and in government to find innovative ways to expand Rhode Island's supply of safe, decent, and affordable housing for low-income families.



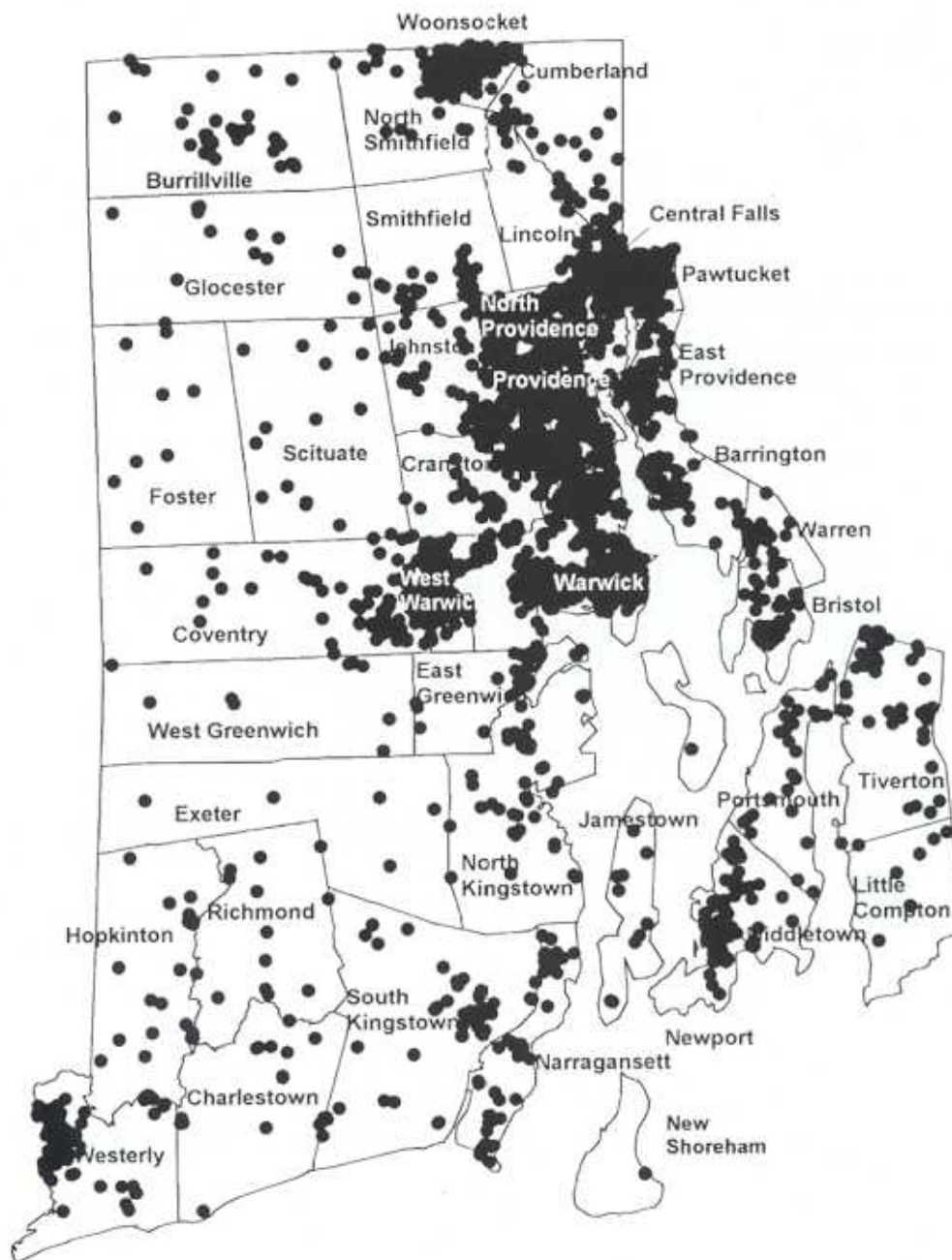
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